

## Stakeholder Analysis and Management

### *Building a Stakeholder Partnership*

*Stakeholder management is critical to the success of every project in every organization. By engaging the right people in the right way in your project, you can make a big difference with regard to its success... and to the success of your career.*

### **What Is Stakeholder Management?**

As you become more successful in your career, the actions you take and the projects you run will affect more and more people. The more people you affect, the more likely it is that your actions will impact people who have power and influence over your projects and career. These people could be strong supporters of your work - or they could block it.

Stakeholder Management is an important discipline that successful people use to win support from others. It helps them ensure that their projects succeed where others fail.

Stakeholder Analysis is the technique used to identify the key people who have to be won over. You then use Stakeholder Planning to build the support that helps you succeed.

The benefits of using a stakeholder-based approach are:

- You can use the opinions of the most powerful stakeholders to shape your projects at an early stage. Not only does this make it more likely that they will support you, their input can also improve the quality of your project.
- Gaining support from powerful stakeholders can help you to win more resources - this makes it more likely that your projects will be successful.
- By communicating with stakeholders early and frequently, you can ensure that they fully understand what you are doing and understand the benefits of your project - this means they can support you actively when necessary.
- You can anticipate what people's reaction to your project may be, and build into your plan the actions that will win their support.

You may have been given an organization chart when joining your firm. The chart outlines relative hierarchical location and reporting relationships of your position. It is a piece of organizational information that depicts formal organizational roles.

Yet think about how work is actually performed. How many of the interactions that are vital to the success of your department or team are actually performed along these organizational lines? The reality of our workplaces is that thousands of interactions go on in a multi-dimensional radiation from the organization chart. The organization chart is not the appropriate instrument for depicting work process interactions and informal networks. We cannot see the depth and interconnections on a two-dimensional chart.

Unsuccessful leaders work in a more isolated fashion while diagnosing organizational problems. They interact with fewer people and their resulting diagnoses are more narrowly focused and may even fail to address important organizational issues. Leaders may derail if they can't build effective teams of direct reports. These less successful new leaders often overlook the relationships available to them and do not focus on cultivating a growing, dynamic web of influence.

What does your network of business relationships, your web of influence, look like? Sometimes it's difficult to identify and visualize our stakeholders if locked in by the organization chart. It may help to *not* think *chart* and instead, think *web* — a network, largely informal, of stakeholders.

## Stakeholder Analysis

The first step in Stakeholder Analysis is to identify who your stakeholders are. The next step is to work out their power, influence and interest, so you know who you should focus on. The final step is to develop a good understanding of the most important stakeholders so that you know how they are likely to respond, and so that you can work out how to win their support - you can record this analysis on a stakeholder map.

After you have completed this exercise and created a stakeholder map, you can use the information to plan how you will communicate with each stakeholder.

The steps of Stakeholder Analysis are explained below:

### 1. Identifying Your Stakeholders:

The first step in your stakeholder analysis is to brainstorm who your stakeholders are. As part of this, think of all the people who are affected by your work, who have influence or power over it, or have an interest in its successful or unsuccessful conclusion.

The table below shows some of the people who might be stakeholders in your job or in your projects:

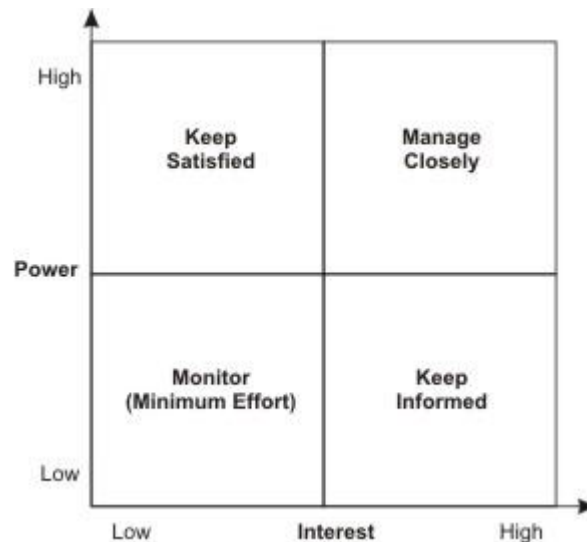
<i>Your boss</i>	<i>Shareholders</i>	<i>Government</i>
<i>Senior executives</i>	<i>Alliance partners</i>	<i>Trade associations</i>
<i>Your coworkers</i>	<i>Suppliers</i>	<i>The press</i>
<i>Your team</i>	<i>Lenders</i>	<i>Interest groups</i>
<i>Customers</i>	<i>Analysts</i>	<i>The public</i>
<i>Prospective customers</i>	<i>Future recruits</i>	<i>The community</i>
<i>Your family</i>		

Remember that although stakeholders may be both organizations and people, ultimately you must communicate with people. Make sure that you identify the correct individual stakeholders within a stakeholder organization.

## 2. Prioritizing Your Stakeholders:

You may now have a long list of people and organizations that are affected by your work. Some of these may have the power either to block or advance. Some may be interested in what you are doing, others may not care.

Map out your stakeholders using the Power/Interest Grid shown below, and classify them by their power over your work and by their interest in your work.



For example, your boss is likely to have high power and influence over your projects and high interest. Your family may have high interest, but are unlikely to have power over it.

Someone's position on the grid shows you the actions you have to take with them:

- **High power, interested people:** these are the people you must fully engage and make the greatest efforts to satisfy.
- **High power, less interested people:** put enough work in with these people to keep them satisfied, but not so much that they become bored with your message.
- **Low power, interested people:** keep these people adequately informed, and talk to them to ensure that no major issues are arising. These people can often be very helpful with the detail of your project.
- **Low power, less interested people:** again, monitor these people, but do not bore them with excessive communication.

When you think you have listed all of your stakeholders, use the following tips to prod your thinking about the less obvious stakeholders whom you may have forgotten.

1. Have you depicted each of the people, areas, groups and individuals in your "network?" What other connections do you need to add?

2. Who are your significant peers? Are they listed?
3. We are used to looking at the lines of an organization chart, the cross of vertical and horizontal. But what about important tangential relationships, in other words, relationships that are not directly "up" or "down" but still important. What about your manager's peers or your direct report's peers: are any of them stakeholders or sources of conflict?
  - Who are your manager's major peers? And what stakes do they have in your success or you in theirs? Which of them may have different points of view about your goals? Have you left any of them out of your picture?
  - Who are your direct report's major peers? Which of them may have the greatest stakes in and be the most important to the success of their peers in your unit?
  - And what about those who report to your direct reports? Which of them can be influential in getting the work of the unit going in the right direction?
4. Conflicting priorities and viewpoints are inherent in many of our organizational structures. Our governance systems often have checks and balances. Business itself has conflicting ways of achieving results. We swing on a pendulum of centralization and decentralization, acquisition and divestiture. In their watchdog roles, our functional chiefs may protect their territory; their functional interests may collide with yours. Where is some of the potential for conflict that you might face in your role? Have you placed the roles with potential conflict in your picture?
5. How many people external to the organization are listed? What about your external customers? Your suppliers and vendors? Your family? Your professional colleagues?

### **3. Understanding Your Key Stakeholders:**

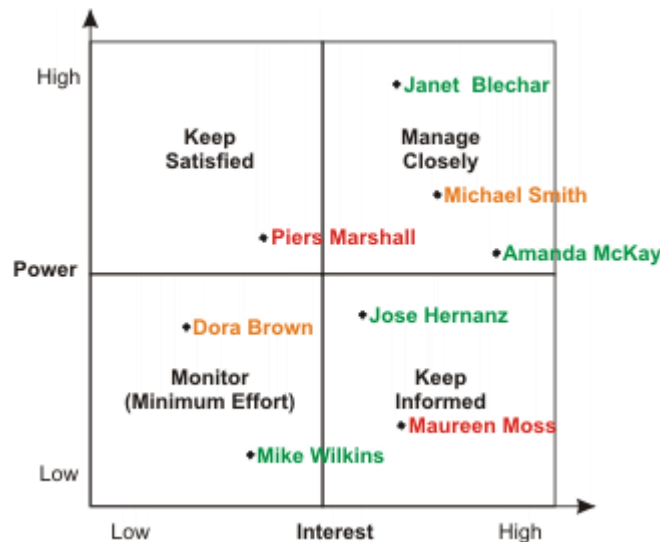
You now need to know more about your key stakeholders. You need to know how they are likely to feel about and react to your project. You also need to know how best to engage them in your project and how best to communicate with them.

Key questions that can help you understand your stakeholders are:

- What financial or emotional interest do they have in the outcome of your work? Is it positive or negative?
- What motivates them most of all?
- What information do they want from you?
- How do they want to receive information from you? What is the best way of communicating your message to them?
- What is their current opinion of your work? Is it based on good information?
- Who influences their opinions generally, and who influences their opinion of you? Do some of these influencers therefore become important stakeholders in their own right?
- If they are not likely to be positive, what will win them around to support your project?
- If you don't think you will be able to win them around, how will you manage their opposition?
- Who else might be influenced by their opinions? Do these people become stakeholders in their own right?

A very good way of answering these questions is to talk to your stakeholders directly - people are often quite open about their views, and asking people's opinions is often the first step in building a successful relationship with them.

You can summarize the understanding you have gained on the stakeholder map, so that you can easily see which stakeholders are expected to be blockers or critics, and which stakeholders are likely to be advocates and supporters of your project. A good way of doing this is by color coding: showing advocates and supporters in green, blockers and critics in red, and others who are neutral in orange.



In the example above, you can see that a lot of effort needs to be put into persuading Piers and Michael of the benefits of the project - Janet and Amanda also need to be managed well as powerful supporters.

### Example:

You can create your own example of stakeholder analysis at work - whether for your current role, a job you want to do or a new project.

Conduct a full stakeholder analysis. Ask yourself whether you are communicating as effectively as you should be with your stakeholders. What actions can you take to get more from your supporters or win over your critics?

## Summary / Key Points:

As the work you do and the projects you run become more important, you will affect more and more people. Some of these people have the power to undermine your projects and your position. Others may be strong supporters of your work.

Stakeholder Management is the process by which you identify your key stakeholders and win their support. Stakeholder Analysis is the first stage, where you identify and start to understand your most important stakeholders.

You first must brainstorm who your stakeholders are. The next step is to prioritize them by power and interest, and to document it on a Power/Interest grid or worksheet. The final stage is to get an understanding of what motivates your stakeholders and how you need to win them around.

For additional information, the following books on stakeholder management are suggested:

- Stakeholder Power: A Winning Plan for Building Stakeholder Commitment and Driving Corporate Growth by Jeffery Marr and Steven Walker
- The Stakeholder Strategy by Ann Svendson
- Redefining the Corporation: Stakeholder Management & Organizational Wealth by James Post et al.